

Transferring Man Power From Non-Essential to Essential Industries

Organization Required to Mobilize the Nation's Productive Energy So That It May Be Used Most Effectively Without Causing Needless Inconvenience or Hardship

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THE exponents of the "business as usual" fallacy are in the habit of asking peremptorily for a list of the non-essential industries whenever any one suggests a contraction of non-essential business in order to make possible the necessary expansion of the essential industries. Some even go so far as to say dogmatically that there are no non-essential industries. What they obviously mean is that there are no undesirable industries. A desirable industry, however, is not the same as an essential industry.

The problem of economy for the nation is very much the same as for the individual. It is the problem of choosing the more important to the exclusion of the less important things—not that the less important things are in themselves undesirable, but merely that they are less essential than certain other things. Few individuals have ever been in the fortunate position of being able to afford everything which they might like to have. In time of special crisis the wise individual will deprive himself of many things which are in themselves desirable merely because there are other and more desirable things which he must have. To fail to do this is to fail to meet the crisis. The same necessity is upon the nation.

Vanity Vs. Utility

To say that in the present crisis there are no non-essential industries is almost like saying that all industries are equally essential, which is an absurdity. That would be like saying that it is just as important that we should have jewelry for private enjoyment as ammunition for national defense; that we should have automobiles for pleasure riding as ambulances, aeroplanes, army trucks and farm tractors; that we should have those articles of wearing apparel which gratify pride and vanity as overcoats and blankets for our soldiers.

On the other hand, to say that one group of products is more important in this crisis than another does not necessarily and in every case mean that the one group should be produced to the complete and absolute exclusion of the other. It may simply mean that the production of the one should be greatly expanded and that of the other greatly contracted. When the individual family finds itself facing a crisis, like severe sickness, it is not necessary that it stop buying food and clothing in order to buy medicines and pay doctor's bills. It may be necessary, however, to buy less expensive food and clothing in order to have money to spend for things which, in the crisis, are more important than some of the expensive items of food and clothing which were formerly bought.

If it were possible to classify all our industries as absolutely essential or absolutely non-essential, with no middle group, the problem would be very simple. The government could by edict close all the non-essential industries, or refuse them fuel, raw materials, freight cars, etc., in order that these things might be reserved for the essential industries. The government has already stopped the distillation of potable alcohol, and might well go further in the same direction. But the number of industries whose products are absolutely useless or non-essential is very limited. Most of those which are not classed as absolutely essential belong in a middle group. Their products are desirable or essential in limited quantities, whereas larger quantities are non-essential.

Why the Problem Is Complex

Even essentials are frequently bought in non-essential quantities. Coal, in moderate quantities, is an essential; but an individual may consume it luxuriously, keeping too many rooms warm, or keeping them too warm. Sugar, wheat flour and a number of other things which would scarcely be called non-essentials may easily be consumed in non-essential quantities. But the list extends far beyond these few commodities, which are woefully scarce. Even millinery could scarcely be called absolutely non-essential; we need some kind of headgear, but we may easily buy too much.

A government decree is a singularly clumsy and unscientific method of dealing with an industry of this middle group. If the millinery industry were peremptorily and arbitrarily closed it would not only stop the production of unnecessary finery but also of necessary headgear. It is the consumer rather than the

producer who must be reached. The best, the most effective and the most scientific method is simply to increase our income taxes until we are forced to cut our consumption down to essentials. A somewhat more clumsy and less scientific method would be to put on rationing and forbid anybody to purchase anything which he could not show that he clearly needed. The only other method is to persuade people voluntarily to cut their consumption down to the essential minimum and to spend the money thus saved in the purchase of war saving stamps and Liberty bonds.

The next question, and in some respects the more difficult question, is what to do with the labor which is now employed in the non-essential industries. The closing down of a non-essential industry or the reduction of the scale of production to the essential limits will undoubtedly throw some men out of employment. If it would not save manpower, coal or raw materials, nothing would be gained by it.

In the first place, the necessary expansion of the essential industries requires a great increase in the supply of labor. This alone will take care of all those who are fitted for the particular kinds of work which are needed. Our farmers are at their wits' end to know where they are going to get help. The shipyards are calling for men by the tens of thousands. There never was a time when men were in such demand. When our government stopped the distillation of potable alcohol there was no great difficulty in utilizing the labor power for other purposes, though there were doubtless individual cases of hardship. It is not probable that any war can ever be carried on without inflicting hardship in individual cases. Nevertheless, everything possible should be done to reduce these hardships to the minimum.

In many individual cases there will be men and women who cannot easily turn their skill to account in the essential industries. In other cases it will involve moving from the place called home to another place. Even though the other place is equally desirable, nevertheless the change may involve some real hardship in addition to the inevitable regrets. However, provided the transition can really be made without severe hardship or positive discomfort, it will be only a loss and sacrifice as every true citizen must be prepared to make in time of war and which our laboring people, like all right-minded people, are perfectly willing to make.

Efficient Organization

Would Minimize Hardships

In order to meet this situation adequately and reduce the hardships and discomforts of the transition to the absolute minimum there must be an organization. This organization must be big enough to cover the whole country and to penetrate into every nook and corner. The Department of Labor in Washington is already organizing for the purpose of handling this problem. However, unless it is adequately supported, so that it may reach into every neighborhood, it may be like a fire department with one thousand feet of hose trying to fight a fire which is two thousand feet from a hydrant. The first thing to do is to see that the organization can actually reach every case.

Having once perfected an organization adequate to deal with the problem, it must, in the main, work out its own methods of procedure. No man is wise enough to foresee every difficulty which may arise. However, there are a few things which it must obviously do. In the first place, it should aid in the distribution of the war work in order that as much of it as possible be taken over by those industries which have had to cut down their production of non-essentials. In some cases—no one can say in advance how many—there need be no closing down or partial closing down of factories. They can simply turn to other kinds of work, to the work which produces necessities rather than luxuries.

In the second place, our organization should catalogue every person who is or is likely to be thrown out of work by the closing of non-essential industries. Every person's training and capabilities should be noted and recorded. Then, as far as possible—no one can say in advance how far this will be possible—the persons so catalogued should be drawn upon for the labor which will be required for the necessary expansion of certain essential industries which must be greatly ex-

panded. It must be borne in mind that, even with the most rigid economy, more labor is going to be needed during this war than ever was needed before; that the demand for additional labor in the essential industries will more than balance any possible falling off in the demand in the non-essential industries.

What Organization Would Accomplish

In the third place, our organization should provide with the utmost speed adequate training schools where men and women may be trained for the industrial needs of the country as officers and soldiers are now being trained for the military needs. This will, in many respects, be the most important work of our organization. Instead of waiting until special kinds of skill are needed, it should anticipate the need and have men and women trained. They should, while undergoing the course of training, be paid a standard minimum wage which will enable them to live.

The first two parts of the work of our organization will provide the essential industries with such unskilled labor as they require, will also provide a certain amount of skilled labor such as is already trained and capable of being fitted in, and will provide employment for every worker in a non-essential industry who can be fitted into the essential industries. The third phase of the work of our organization will provide an immediate living wage for every one who cannot at once be fitted into an essential industry and will also provide a course of training which will soon fit him in at some point where he can earn more.

No Unendurable Suffering

If our organization will undertake these three kinds of work on a comprehensive scale we can transfer all our productive energy from the non-essential to the essential industries without any suffering, and with only such inconvenience or hardship as all high-spirited and loyal people are ready and willing to endure for the sake of winning the war. This will enable us to mass our man power where it is needed and to avoid the mistake of scattering shot too much. This war will be won, not by the side which has the most man power, but by the side which manages to mass the most man power at the points where it is needed. We have the man power; the next thing is to mass it where it is needed. Nothing else will win the war. The more comprehensive and thoroughgoing our plans for the massing of our vast man power, the sooner we get them into operation, the sooner the war will be over.

Municipal Bond Market Is Active In Many Sections

Demand Growing Owing to Tax Exemption, While Supply Is Limited

THE municipal market of the United States is a huge aggregate of individual markets, all collectively governed by the laws of supply and demand and the general prosperity of the country, and each individually by the tax and savings bank laws of the several states as well as by numerous other complex local factors. The insurance companies, fraternal orders and savings banks are perhaps the largest consumers, and since the prosperity of these large concerns is linked with the prosperity of the country at large the tendency of the municipal market will naturally be governed by our country's general wellbeing.

At the present time many factors are at work which would lead to the conclusion that higher prices for municipal bonds are likely. The question of supply is perhaps the most important. Ever since our entrance into the European war there has been a tacit effort on the part of municipal authorities to reduce expenditures to the minimum and eliminate all unnecessary improvements. The recently formed capital issues committee, which has been given national supervision of all matters of this character, will unquestionably restrict the output of municipal securities very drastically during the balance of the war.

While this process has been slowly

making itself felt the demand all over the country for tax exempt municipals has quickened. A glance at the several special markets will be more enlightening.

The Coast market for years has been a manufacturer, never a consumer to any large extent. Money rates were higher in the West than in the East. The demand for capital exceeded the supply and industrial and municipal expansion was progressing at an astonishing rate. The Coast therefore came East to borrow, and millions of dollars' worth of California states, Oregon, City of San Francisco, Los Angeles, Oakland, Portland and Seattle were placed with New York and New England savings banks, insurance companies and investors. About two years ago conditions gradually began to change. The West commenced to make more money than it could spend in oil, agriculture and war industries. The effect was to stimulate an inquiry for home investments to such a degree that the bid on the Coast was higher than replacement values in the East, and every mail saw large quantities of Coast securities purchased in the East going back home for investment, in addition to the local absorption of practically all of the new production.

Mid-West Situation

Of more recent origin is the Kansas situation. Kansas in the past was never any very large taker of her own securities, and many Kansas City, Kan.; Atchison, Wichita, Fort Scott, Leavenworth and such issues were placed among the Eastern banks and insurance companies. Kansas Cities and Wichitas are still a legal investment for New York and some New England savings banks and are still highly regarded by them, but the prosperous year the state has had in agriculture has brought about such an accumulation of local buying that at the present time Kansas securities are ruling at a generally lower yield than those of any other state in the Union. Wichita and Kansas City are worth a 4.40 to a 4.45 per cent basis and bonds of even the smaller communities are considered attractive at 4.60 to 4.75 per cent basis. Here is a case where a combination of local tax laws and local prosperity has played an important role.

Similar conditions exist in Georgia, although here the situation is more interesting on account of the absolute bareness of the market. Practically nothing in any reasonable block can be obtained in the line of Georgia state bonds or the bonds of the larger cities of the state. Dealers in the state have never known such a keen demand with so little to satisfy it. New production is of a most limited nature and there are a dozen or more buyers eager for every new loan. Georgia states are on a 4.15 basis.

Tax laws in Pennsylvania have always made a better market for Pennsylvania municipals within the state itself. Few local issues are ever permanently placed outside of the home market. Occasionally Philadelphia will sell a large block of bonds to an outside syndicate, which may succeed in placing a considerable portion outside the state. This happens only in the case of large loans, where local money is not sufficient to absorb it all at one time. It is a truth, however, that gradually these bonds sold outside gravitate back again to buyers within the State of Pennsylvania on the gradual reaccumulation of idle funds. The present situation in the Philadelphia market is one that readily absorbs all of the local tax exempt productions around a 4 1/4 per cent basis for the larger cities to a 4.40 per cent basis for the smaller boroughs, and of a dozen or more recent sales such as Harrisburg, Erie, Altoona, Mount Union, etc., the bonds have hardly been in the purchasers' hands twenty-four hours. The 4-mill tax means that a taxable on a 4.40 basis yields only 4 per cent after tax payment.

Tax Laws Are Controlling Factor

Tax laws in New England, particularly Massachusetts and Connecticut, are controlling factors on the municipal bond market in these states. Massachusetts has the largest debt and ordinarily the best credit of any state in the Union. The recent loan placed by the state was retailed around a 4.40 per cent basis in twenty-four hours. Boston is ruling around a 4.40 to a 4.60 per cent basis, with not much more than odd lots to be had. Massachusetts is not very prolific with long time bond issues. They are accustomed to finance themselves temporarily on short time paper, running from two to eight months and prepared and certified by some substantial New England trust company with the approval of competent attorneys on the note itself. The demand for this type of paper always exceeds the supply.

The conditions of the New York market insofar as the savings banks are concerned are sound, but without the interesting features now existing in other states. The demand is only fair and the production is reasonably large, so that there does not appear to be the eager competition for New York State municipals that has existed in the past.

Social Revolution Wrought by War Giving British Labor Dominant Power

Trade Unions Uniting in a Solid Phalanx That Promises to Sweep Aside the Barriers of Individualism and Rebuild the State on a Collective and Co-operative Basis

(Special Correspondence)

London, February 23.

ABOUT a month after the outbreak of the war Mr. Sidney Webb held a meeting in the London School of Economics to discuss reconstruction after the war, and from that day to this there has been an increasing output of lectures, articles, books and committees just on this subject: How are we in England going to live together after the war? Next to the war itself, it is easily the first question in the minds of the people.

Coming away from one of a series of these lectures, which explained Plato's Republic, More's Utopia and the Kingdom of Heaven—a choice of good things for the working man to select from as types of the future state—I asked the secretary of the Federation of Trade Unions what he thought of it. He replied: "There's not enough meat in these things; give me something that I can bite on."

As reconstruction is an eminently practical affair it seems reasonable, when we try to estimate its scope and direction, first to look around and to see what the facts are to-day, what way is the tide flowing? What direction is industry taking? Matthew Arnold said that three-fourths of life is conduct; and three-fourths of rebuilding the nation will be found to consist in facing the facts, and not imagining that they are something quite different from what they are.

War Hastened

Amalgamation

The shock of Armageddon has hastened amalgamation. The employer sees that it is the day of big business. There have been during the war large amalgamations in steel, iron, coal and especially in banking. As an example, one might cite the United Dairies trust. At the outbreak of the war London's milk for some seven million people was supplied by dozens of dairy companies, who rattled their competing cans down every street. To-day there is the trust. Against these great commercial trusts the trade unions are uniting. There is the solid phalanx of the railmen, tubemen, bus and tram drivers, transport workers and miners. It is called the Triple Alliance; that in itself is a mass of organized workers running up to two and a half millions. Obsolete and conservative as the British worker is, he is at last uniting. Then the state has stepped in and controlled industry to an extent that is not even now understood.

Considering the nation to-day impartially, one sees these vast legions of united workers growing, and on the other side huge trusts, and both more and more controlled, though not possessed, by the state. So menacing did the British Parliament consider these great battalions of opposed interests that councils of working men and of employers were set up in order to promote an understanding and harmony in all trades. At present however, only in one trade—the pottery—has a united council materialized. These are called the Whitley Councils. But there is another movement in progress which in the future is bound to affect industry and labor, if it does not revolutionize them. To Americans the matter may seem merely an affair of domestic labor politics. But in reality it is a great deal more than this. "Guild Socialism" claims to hold the future of labor democracy in its hands. It is essentially democratic. The railways are to be not only worked by but controlled by railway men and the mines by the miners. For the future the men in every trade are to know something of the whole business of production itself, and are to take cognizance of its profits, secrets now known to the owners alone. The whole objective of the young and growing movement is to capture the real control of industry.

An Unutopian

Labor Leader

The chief protagonist of it is G. E. D. Cole. He is a typical product of the twentieth century labor movement—young, like all the guildsmen; keen, and a fellow of Magdalen College, Oxford. He has ideas, and they are by no means Utopian; and he is known as the author of the best books on modern labor problems. There is a distinct, though not a plangent and discordant, cleavage of thought and action between the guilds and the orthodox school of labor, led by the Webbs. The latter steers political power. The guild argues that, without economic power, which to-

day is the real power, political power is nugatory.

Hilaire Belloc and his inseparable friend, Gilbert Chesterton, have pictured, under a system of collectivism, nothing but a huge bureaucracy. Here, they cry, is the servile state in action, a place for every one and every one in his place. Nothing frightens the Briton so much as a permanent restriction of his personal liberty. Even an archbishop in the House of Lords could say that he would rather have England free than sober. Against the fear, just or otherwise, at any rate, the guild offers a way of escape. The guild is therefore a ferment within labor itself—a labor movement within the labor movement. You have the plain tendency to huge amalgamations of labor and of capital, and of ultimate state ownership and control, and you have, at the same time, a keen struggle going forward in labor itself for personal freedom and self-determination.

Politically labor has made lately a great forward move. The co-operative movement, with two millions of members, is coming toward the labor party.

So that to-day, for the first time, the political labor party, co-operators, the trade unions, the women's labor leagues are now working together, and with the women's vote in prospect they have the means to become the dominant power. At a recent congress they laid down their programme. It included national ownership and control of railways, mines, the land and shipping, and provided for the freedom of the workers. At the same time the doors of the party were thrown open to any one who subscribed to its principles. Formerly one could belong only by joining a trade union or some body in connection with the Labor party. Some of the best brains in Britain had, therefore, to join, as Mr. Cole had, the Gas Workers' or some other union in order to join the Labor party. Now it is all changed, and we may see an influx of keen, young minds. "We have had," Mr. Henderson remarked to the writer, "a large number of letters from officers at the front who are interested in the future of labor, and a number at the end of the war will join us." For the first time labor is taking a definite part in international politics and is making its voice heard and influence felt. It has been suggested that Mr. Henderson should represent Great Britain as its ambassador at Petrograd.

Insurgents

Out for Good

A member of the British Parliament in a speech some months ago said that the Labor party would never receive back their own members who separated from them in the crisis of the war. He meant that the party would be poorer by the loss of Philip Snowden, Ramsay MacDonald, Benjamin Jowett and others. Never could there be a bigger mistake than to imagine that this will happen.

It is true that in England, as in every country, a small minority of Socialists stressed the international aspect more strongly than the national. But there has been no split. The writer was present at a great trade union congress when Philip Snowden lashed the members for going back on their principles and joining the government. They cheered him, and they have always been ready to listen to MacDonald and Jowett. So far from being ostracized after the war, these men will have gained, because they were offered place and big money in the government and they refused to take either. It is the members like Barnes, John Hodge and others who will lose in reputation. Henderson, who joined the British government as Minister of Education and later as Labor Minister, has gained immensely in influence and reputation with trade unionists since he left it. Whatever be the future of labor, therefore, they will not lose the help and ability of Snowden, MacDonald and others after the war.

The tide, therefore, is set strongly toward the collective and co-operative state. The barriers of individualism are being swept on one side. That being so, the Labor party makes no patchwork proposal. To-day, Mr. Henderson believes, marks the end of an age in European civilization. To stand still is to fall back. Labor sets its face forward. "We do not expect to reach our goal," said he, "in a generation; we do not expect to reach it just in the way we hope; we are full of the highest hope here because we believe the future of this country and the British Common-

wealth of Nations is to be largely in our hands."

For the rebuilding of the state the national labor policy has four pillars. They believe in a national minimum living wage for every worker, and hope to abolish the shameful fact that twelve millions of Britain's population before the war were living below the adequate subsistence level. They wish all industry to be democratically controlled, and insist on immediately nationalizing mines, railways, canals and, as opportunity offers, land. They hope to revolutionize finance and to use the surplus wealth for the common good of all citizens. These projects, which have been worked out in some detail, they call the four Pillars of the New House. It is an ambitious and far-reaching programme, and there is not a department of the state that is left untouched by it; but the leaders are full of hope and faith, and given the broken waters of demobilization are safely past, they have no doubt the building is only a matter of time.

Yet when all is said time alone can judge. Will Britain revive her youth, as so often before, after great struggles and great sufferings? Shall we see, as we saw after the Napoleonic wars, a new England rising from the old? Will science open its doors and unlock the secrets of the conquest of nature? Will the people, in peace, act together and strive together for the common good, as they have stood together in the war? Will the fellowship of the trenches be carried into school, field and factory?

Or will the people, exhausted by the loss and strain of war, staggering under the intolerable burden of taxation, blaze out into fitful revolt, that will leave them more exhausted and embittered? Will the youngest and best of Britain's sons that are left from the carnage take flight in despair to the new life of America and to the colonies and leave Britain peopled by the old and middle-aged; and will a passionless content with life, as the wages of going on, settle down on a people at peace indeed, but the peace of decay? Are the sands of Britain's great history running out, and will there be a long and quiet afternoon and then a long, long night? Such questions are asked in many hearts to-day; but at any rate labor is not asking them. There is sturdy optimism and common sense. The workers know what they want and are ready to work for it.

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